

JAN 15 2025

A BILL FOR AN ACT

RELATING TO DIGITAL CURRENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the proliferation of
2 digital currency companies has outpaced the development and
3 implementation of appropriate regulatory measures.

4 The legislature further finds that in 2020, the division of
5 financial institutions of the department of commerce and
6 consumer affairs (DFI) partnered with the Hawaii technology
7 development corporation (HTDC) to study digital currency
8 transactions to determine whether, and the extent to which this
9 activity should be regulated. DFI and HTDC conducted this
10 analysis of digital currency activity through the Digital
11 Currency Innovation Lab (DCIL) research project, which allowed
12 certain digital currency companies to operate under temporary,
13 experimental rules that aimed to foster innovation while
14 providing state regulators with data to inform regulatory policy
15 developments. In a 2024 joint press release, the DFI and HTDC
16 announced the conclusion of the DCIL research project and their
17 findings that "the activities conducted by digital currency



1 companies did not align with the concept of money transmission
2 as outlined in Chapter 489D of the Hawaii Revised Statutes," and
3 that, "[t]he companies will be able to continue transaction
4 activity as an unregulated business."

5 The legislature acknowledges the determination made by DFI
6 and HTDC that chapter 489D, Hawaii Revised Statutes, is
7 inapplicable to digital currency companies due to their
8 inability to meet statutory requirements relating to permissible
9 investments and to obtain a money transmitters license.
10 However, allowing digital currency companies to operate as
11 unregulated businesses places immeasurable risk onto consumers
12 of the State. Despite the incomplete applicability of chapter
13 489D, Hawaii Revised Statutes, as it relates to digital currency
14 companies, it is the intent of the legislature that the
15 commissioner of financial institutions apply the existing
16 regulatory framework to digital currency companies until more
17 regulatory guidance and protections are implemented.

18 Accordingly, the purpose of this Act is to clarify that
19 chapter 489D, Hawaii Revised Statutes, applies to digital
20 currency companies and activity.



1 SECTION 2. Chapter 489D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§489D- Chapter applicability; digital currency
5 companies and activity; severability. This chapter shall apply
6 to digital currency companies and activity; provided that if any
7 provision of this chapter, or the application thereof to digital
8 currency companies or activity, is held invalid, the invalidity
9 shall not affect other provisions or applications of the chapter
10 that can be given effect without the invalid provision or
11 application, and to this end the provisions of this chapter are
12 severable when applied to digital currency companies and
13 activity."

14 SECTION 3. New statutory material is underscored.

15 SECTION 4. This Act shall take effect upon its approval.

16

INTRODUCED BY: 



S.B. NO. 362

Report Title:

Digital Currency; Companies; Activity; Money Transmitters
Modernization Act; Applicability

Description:

Clarifies that chapter 489D, HRS, relating to the Money
Transmitters Modernization Act, applies to digital currency
companies and activity.

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*

